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Via Electronic Filing

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation: Federal-State Joint Board on Universal Service, CC Docket No. 96-45; 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, CC Docket 98-171; Telecommunications Services for Individuals with Hearing Speech Disabilities and the Americans with Disabilities Act of 1990, CC Docket No. 90-571; Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, CC Docket No. 92-237, NSD File No. L-00-72; Number Resource Optimization, CC Docket No. 99-200; and Telephone Number Portability, CC Docket No. 95-116.

Dear Ms. Salas;

Yesterday, James Blaszak (Ad Hoc Telecommunications Users Committee), Joel Lubin and Mark Lemler (AT&T), Brian Moir (e-commerce Telecommunications Users Group), Charles Goldfarb (WorldCom), and I met with Katherine Schroder, Chief, Accounting Policy Division, Anita Cheng, Paul Garnett, Gregory Guice, Jim Lande, Ken Lynch and Geoff Waldau of the FCC's Common Carrier Bureau. AT&T presented the attachment as possible operational solution should the Commission decide to use projected revenues as a basis for universal service assessment on an interim basis. The coalition again urged Staff to adopt its proposal submitted in its November 6, 2001 Ex Parte.

Consistent with the Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the proceedings.

Sincerely,

Patrick H. Merrick

Attachment

cc: Meeting Attendees

METHOD OF OPERATIONALIZING A TRANSITIONAL USF CONTRIBUTION PROPOSAL TO BE EFFECTIVE JANUARY 1, 2002

USF assessment rate based on projected revenues and collected as per current mechanism

- FCC issues an Order – December 15

- Carriers file projections of revenues for the 1st Quarter of 2002 with USAC – 12/31/01
  - The Commission can continue to exempt those carriers who are currently classified as de minimis from filing projections

- USAC calculates the revenue assessment rate for the 1st Quarter of 2002 by dividing the projected USF funding requirements by the sum of the Carriers projected revenues for the 1st Quarter of 2002 – January 15

- USAC bills respective Carriers based on their submitted projections according to the current billing schedule – January 15, February 15, and March 15

- Carriers remit contributions according to current payment schedule – February 15, March 15, and April 15

- Carriers File revised Form 499-Q as per Coalition Proposal[1] – February 1

- USAC calculates the appropriate flat-rate assessment for each market segment by dividing the projected USF funding requirements for the 2nd Quarter of 2002 by the line-counts obtained from the Form 499-Q.– February 30
  - Residence wireless and wireline, Single line business, and Wireless business customers would be assigned an assessment rate of $1 per month per line/number
  - Lifeline customers would be assigned $0
  - Pagers would be assigned $0.25 per number per month
  - The Multiline business rate would be calculated as a residual by 1: Applying the respective assessment rates of Residence, Single line business, Wireless, and Pagers to the sum of the Carriers projected line/telephone number counts, 2: Subtracting the amount of anticipated revenue from these

[1] If the Commission requires the continuation of assessments on private line services, then the reporting of these revenues in the Form 499-Q must likewise be continued.

market segments from the projected 2nd Quarter 2002 USF funding requirements, and 3: dividing the remaining funding requirement by the sum of the Carriers projected multiline business customer lines.[2]

- Carriers contribute to USF based on a collect and remit basis –May 30th, June 30th, July 30th
  - Carriers apply USF to monthly billings for April, May, and June
  - Carriers remit USF receipts to USAC on May30th, June 30th, and July 30th

- Continue quarterly until implementation of Permanent Solution

- True-up Mechanism[3] - Applied in 3rd Quarter
  - USAC compares carrier projected revenues for 1st Quarter with actual revenue from May 1st Form 499-Q
  - USAC calculates the net (plus/minus) adjustment to the 1st Quarter assessment based on the difference between the projected revenue base and actual revenue base.
  - USAC applies the net adjustment as an increment to the 3rd Quarter 2002 USF funding requirement[4]
  - USAC settles with each carrier based on the difference between their projected revenues for the 1st Quarter and their actual revenues from their May 1st Form 499-Q.

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[2] If the FCC would prefer to include an assessment on private line services for the interim period, then a percentage assessment, equal to the current FCC presubscribed surcharge factor, could be applied to current interstate private line service revenues, including retail end-user special access. The contributions generated through application of the Commission prescribed surcharge factor to private line service revenues, including retail end-user special access, would be added to the contributions produced from application of the per line and per number rates set forth above, and the sum of the contributions so generated would be subtracted from the USF funding requirement for the 2nd Quarter 2002 to determine the switched Multiline business rate.

[3] True-ups are applicable to any quarter for which usf assessments are based on carrier projected data. Adjustments are made to the usf assessments for the second quarter following the quarter that is based on projected data, i.e., the 1st Quarter 2002 assessments are "trued-up" in the 3rd Quarter 2002.

[4] If the actual revenues for the 1st Quarter exceeded the projections, then the 3rd Quarter 2002 USF funding requirement can be lowered as the difference will be made up by USAC settlements with the carriers. If the projections for the 1st Quarter exceeded the actual revenues, then the 3rd Quarter 2002 USF funding requirement must be raised to reimburse carriers who overpaid in the 1st Quarter.